

**ARIZONA STATE LAND DEPARTMENT
1616 WEST ADAMS STREET
PHOENIX, ARIZONA 85007**

PUBLIC AUCTION SALE NO. 53-117740

Pursuant to A.R.S. Title 37, notice is hereby given that the state of Arizona through its Arizona State Land Department (herein called "ASLD"), will sell at Public Auction to the highest and best bidder at 10:30 a.m. on Tuesday, November 10, 2015, at the Arizona State Land Department, 1616 West Adams Street, Lower Level Auditorium, Phoenix, Arizona, trust lands situated in Maricopa County to wit:

TOWNSHIP 4 NORTH, RANGE 3 EAST, G&SRM, MARICOPA COUNTY, ARIZONA

PARCEL: SE4, SECTION 5, CONTAINING 156.87 ACRES, MORE OR LESS.

LOCATION: NEC OF NORTH CENTRAL AVENUE AND EAST HAPPY VALLEY ROAD,
PHOENIX, ARIZONA

BENEFICIARY: PERMANENT COMMON SCHOOLS (INDEMNITY SELECTIONS)

For a complete legal description of the land, prospective bidders are advised to examine the purchase application file as well as all pertinent files of ASLD.

The land has been appraised at \$3,750,000.00 and consists of 156.87 acres, more or less. There are no reimbursable improvements.

The above described lands are sold subject to existing reservations, easements, rights of way and other terms and conditions of the sale as further described below.

The ASLD does not represent or warrant that access exists over lands, which may intervene respectively between the above parcel(s) and the nearest public roadway.

The complete file associated with the described land is open to public inspection at the ASLD, 1616 West Adams Street, Phoenix, Arizona, from 8:00 a.m. to 4:30 p.m., exclusive of holidays and weekends. Please direct any questions regarding this Public Auction to the Real Estate Division of ASLD at (602) 542-3000. This auction notice is available on the ASLD's web site at www.azland.gov.

Pursuant to the provisions of A.R.S. §37-231, the State of Arizona or its predecessor in title, reserve and retain all rights and all forms of access to all oil, gas, minerals, hydrocarbon substances and gaseous substances or any other material which is essential to the production of fissionable materials as provided by the rules and regulations of ASLD and the laws of Arizona.

Each potential bidder must show ASLD's representative a cashier's check made payable to the Arizona State Land Department in the amount specified under Terms of Sale Paragraph (A) below.

TERMS OF SALE:

(A) *At the time of auction* the successful bidder must pay the following by a cashier's check: (1) 10% of the appraised value of the land, which is \$375,000.00; (2) A Selling and Administrative Fee of 3% of the appraised value of the lands, which is \$112,500.00; (3) Reimbursable Estimated Advertising Fee, which is \$5,000.00; (4) Reimbursable Appraisal Fee, which is \$3,000.00; (5) Patent Fee of \$200.00. The total amount due at the time of sale is \$495,700.00 (less \$8,000.00 if the successful bidder is the applicant for a total amount due of \$487,700.00).

(B) Within 30 days after the auction date the successful bidder must pay the full balance of the amount bid for the land and pay a Selling and Administrative Fee of 3% of the purchase price, less the amount paid under (A)(2) above. If the purchase price exceeds \$10 million, the Selling and Administrative Fee will be the greater of \$300,000.00 or 2.5% of the purchase price, less the amount paid under (A)(2) above. If the purchase price exceeds \$25 million, the Selling and Administrative Fee will be the greater of \$625,000.00 or 2.0% of the purchase price, less the amount paid under (A)(2) above.

(C) Within 30 days after the auction date the successful bidder must pay the actual legal advertising cost, less the amount paid under (A)(3) above.

(D) The ASLD Commissioner has determined that, when and if the successful bidder performs all acts required to become entitled to a Patent, a Broker Commission shall be paid from the Selling and Administrative Fee collected by ASLD pursuant to A.R.S. § 37-107(B)(1) to a broker otherwise eligible to receive a commission under Arizona Administrative Code: Title 12. Natural Resources: Chapter 5. Land Department: Article 4. Sales (R12-5-413). **The Broker Commission shall not exceed \$38,000.00 and shall be paid from the Selling and Administrative Fee.** Any fee collected in excess of a brokerage commission paid shall be collected and retained by ASLD. **No commission shall be paid to the broker until a Patent has been issued to the successful bidder by ASLD.**

ADDITIONAL CONDITION(S):

The Parcel has formerly been used by Universal Propulsion Company, Inc. ("UPCO") as an aerospace products manufacturing facility. Contamination has been detected in soil, ground water and in soil vapor. Soil samples indicate that perchlorate, arsenic and lead are present in concentrations known as hazardous to human health and the environment and above applicable remedial standards established by the Arizona Department of Environmental Quality ("ADEQ"). Groundwater samples indicate perchlorate and dichloroethylene are present in concentrations above applicable remedial standards established by ADEQ. The contaminants could also potentially be transported, dissolved in surface runoff or attached to sediment traveling with surface water. Arizona Hazardous Waste Management Act Permit U.S. EPA ID No. AZD 980 814 479 ("Permit") has been issued by ADEQ to govern site remediation.

1. Under the Permit, which is subject to modification, the entire 156.87 acres having 22 solid waste management units, 19 monitoring wells, soil remediation activities and 3 areas that have been proposed for capping, are required by ADEQ to be managed, monitored, operated and maintained by UPCO for an indeterminate period necessary to comply with the corrective action requirements of the Permit.

2. ADEQ will require the recording of a Declaration of Environmental Use Restriction with institutional controls ("DEUR") on portions of the Parcel, including, but not limited to prohibiting residential development or any use where natural persons are reasonably expected to be in frequent or repeated contact with the soil. Additional use restrictions will also prohibit the pumping and/or use of groundwater at the Parcel.
3. UPCO, its successors and assigns and the State of Arizona shall have unrestrained access to perform any activity necessary to achieve the remediation or manage containment of the contaminants in the soil, air, surface water and in the water table as required by ADEQ. Annual reports on all activities are to be filed with ADEQ.
4. UPCO may achieve final compliance with the Permit when ADEQ determines no further action is required however; said determination is subject to reversal.
5. Areas of restricted use will also include constructed caps that will require continuing management, maintenance and annual reporting for the duration of their placement. The capped areas will also remain under the direction of, and be subject to, unrestrained access by ADEQ and UPCO.
6. All bidders shall be required to review ADEQ File No. AZD 980 814 479 and the successful bidder shall be required to sign a certification that such review has occurred as a condition prior to registering for the auction.
7. Disclaimer: Successful bidder is aware that, regardless of resources the Arizona State Land Department ("ASLD") and/or the State of Arizona, its employees and its agents (collectively "Seller") have spent planning for the development of the Parcel, Seller does not warrant, represent or guarantee either the quality of its work or the successful development of the Parcel or other parcels of land in the vicinity, nor does Seller warrant, represent or guarantee that government entities with jurisdiction over the Parcel, or utilities which serve the Parcel, will act in a manner that will result in the successful development of the Parcel or other parcels of land in the vicinity. Successful bidder agrees that there are no express or implied representations by any person or entity on which successful bidder relies in the purchase of the Parcel. The Parcel is being sold "As Is" as raw land, and subject to the doctrine of caveat emptor. Seller makes no express or implied warranties as to the condition of the Parcel. Successful bidder purchases the Parcel subject to all taxes and assessments; all covenants, conditions, restrictions, servitudes, reservations, easements, declarations or other matters of record or on file, whether with the State of Arizona, or the county and city in which the Parcel is located; any and all matters which a survey or physical inspection of the Parcel would reveal, zoning and other restrictions, prohibitions, regulations and requirements imposed by any governmental authorities, statutes, laws, rules and regulations. If the development of the Parcel is contingent upon the cooperation, good faith, skill and/or financial status of third parties, such as government entities, other developers, etc., successful bidder assumes all risk that those third parties will act in a manner satisfactory to successful bidder. Successful bidder warrants and represents that it has performed due diligence on the Parcel and acknowledges that the Parcel is subject to an ongoing environmental investigation and remediation project. Successful bidder understands that the responsible party, UPCO, is performing the work at the Parcel under the oversight of the ADEQ and that successful bidder purchases the Parcel subject to access required by ADEQ and UPCO, and all remedial or corrective actions required by ADEQ.

8. Release and Waiver: Successful bidder recognizes the risks associated with the purchase and development of the Parcel, accepts full responsibility for all risks related to the development of the Parcel, and releases Seller from liability for Claims or Damages (as defined below) related to successful bidder's problems with developing the Parcel. Further, successful bidder waives any and all claims it may have now or in the future against the Seller whether known or unknown at the time of Purchase. Successful bidder assumes full responsibility for investigating the suitability of the Parcel for successful bidder's intended use.

9. Definitions:

a. "Claims or Damages" shall mean any and all claims, demands, liabilities, obligations, losses, damages, fines, penalties, judgments, awards, settlements, expenses, disbursements, taxes, charges, and costs (including without limitation legal, accounting, engineering, construction costs whether past, present or future costs) imposed on the Seller arising out of Use of the Parcel. The term Claims or Damages also includes any and all costs in any manner related to the Environmental Conditions.

b. "Environmental Conditions" shall mean the presence, release or threatened release into the environment of a Hazardous Material, Substance or Waste arising on, at, under or from the Parcel.

c. "Environmental Law" shall mean any federal, state or local law, whether common law, court or administrative order or governmental agency guidelines now or hereinafter in effect relating to the environment, public health, occupational safety, industrial hygiene or any Environmental Conditions.

d. "Hazardous Material, Substance or Waste" shall mean any petroleum, oil, gasoline, other petroleum derivative products, flammable substances, explosives, radioactive material, dioxin, radon gas; any waste, substance, material, liquid, chemical, substance or mixture, element, compound or solution regulated in any form or fashion by any Environmental Law now or hereinafter in effect.

e. "Use" shall mean the use, ownership, management, operation, development or possession of the Parcel or activities conducted nearby or thereon.

10. At the conclusion of the auction, the successful bidder, as a condition to delivery of the Patent for the Parcel, shall sign a document including the Disclaimer set forth in Paragraph 7 above, the Release and Waiver set forth in Paragraph 8 above, and agreeing to defend, release, indemnify and hold ASLD and/or the State of Arizona harmless, from and against any and all Claims or Damages.

11. The Patent for the subject Parcel shall include the following conditions and restrictions:

a. This Patent includes a reservation for the continuing and unhindered right of access and occupancy by the State of Arizona and for the benefit of UPCO and its successors and assigns, without compensation, for the purposes of implementing, managing and reporting upon the activities required under, and for the satisfaction of Arizona Hazardous Waste Management Act Permit U.S. EPA ID No. AZD 980 814 479 ("Permit"), as may be modified

by ADEQ, as well as any physical activities including placement of wells, equipment or structures required by or resulting from the Permit, for an indeterminate period of time.

b. There may be Register Eligible Site or Sites located within the subject Parcel, which could include information significant in this state's history, architecture, archaeology or culture and may meet eligibility criteria, which the Arizona State Parks Board has established for listing on the Arizona Register of Historic Places, or which meet eligibility criteria for listing on the National Register of Historic Places. If ground-disturbing activities will or may impact one or more Register Eligible Site or Sites, patentee shall consult with the State Historic Preservation Office and otherwise take such actions as are necessary to avoid, preserve, protect, or mitigate impacts on the Register Eligible Site or Sites. In the event that avoidance, preservation and protection of the Register Eligible Site or Sites cannot be accomplished, patentee shall ensure a Data Recovery Plan is developed in consultation with and acceptable to, the Arizona State Museum and the State Historic Preservation Office, or their successor agencies, and the Data Recovery is implemented and completed prior to the Register Eligible Site or Sites being affected. The artifacts and records recovered from the property shall be curated according to the Arizona State Museum (ASM) Conservation and Curation Standards as established in rules implementing the Arizona Antiquities Act.

BIDDING INFORMATION:

(A) The time of sale shall be deemed to be the time of declaration of the highest and best bidder. The bidding will begin at the total appraised value of \$3,750,000.00. A bid for less than the appraised value of the land or by a party who has not inspected the land and/or the associated files and records of ASLD will not be considered. Additional bidding increments shall be a minimum of \$10,000.00 thereafter. Bidding will be conducted orally.

(B) All bidders must sign an affidavit stating that they have undertaken due diligence in preparation for the auction, that their representative is authorized to bid and bind the bidder and that they are purchasing the Parcel AS IS, and that the bid price reflects the fair value of the Parcel in accordance with the terms of the sale. It is the bidder's responsibility to research the records of local jurisdictions, all ASLD files pertinent to the purchase application file including the purchase application file, and all other public agencies regarding this Parcel. Notice is hereby given that the Parcel shall be purchased in an "AS-IS" condition "WITH ALL FAULTS", with no representation or warranty being made by ASLD of any type or nature. All bidders shall acknowledge and agree pursuant to the aforementioned affidavit that they are purchasing the Parcel solely upon the basis of their own due diligence and investigation of the Parcel and not on the basis of any representation, express or implied, written or oral, made by ASLD or its agents or employees, or any other person, except as set forth in writing herein. Without limiting the generality of the foregoing, notice is hereby given that ASLD makes no warranty as to the following: (a) any Environmental Conditions on, at, under or from the Parcel, the physical condition or any other aspect of the Parcel, including, but not limited to, the uses to which the Parcel may be put, the ability to construct additional improvements or modify existing improvements on any portion of the Parcel or the ability to obtain building permits for any portion of the Parcel, the conformity of the Parcel to past, current or future applicable landscaping, parking, zoning or building code requirements, the existence of soil instability, past soil repairs, soil additions or conditions of soil fill, susceptibility to landslides, sufficiency of undershoring, water retention characteristics of the Parcel, drainage onto or off of the Parcel, the location of the Parcel either wholly or partially in a flood plain or a flood hazard boundary or

similar area, or any other matter affecting the stability or integrity of the land or any improvements constituting the Parcel; or (b) the sufficiency of the Parcel for successful bidder's purposes or as to its continued operating conditions or usefulness. All implied warranties, including, without limitation, **WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE**, are hereby expressly disclaimed. This notice shall survive the delivery of the Certificate of Purchase and Patent for the subject Parcel.

(C) Pursuant to A.R.S. §37-240(B), the successful bidder must be authorized to transact business in the state of Arizona no later than ten (10) business days after the auction. The successful bidder must sign an affidavit stating it is the successful bidder and sign a Certification Statement pursuant to A.R.S. Title 37 and the Rules of ASLD.

(D) If the successful bidder fails to complete the payments as stated in the auction notice together with the additional required fees within 30 days from the auction date, all amounts paid at the time of auction by the successful bidder will be forfeited.

(E) In the event of forfeiture, the ASLD Commissioner may declare that the bid placed before the final bid accepted is the highest bid, and that the bidder has five (5) days after notification by ASLD to pay by cashier's check all amounts due.

(F) A representative of the bidder, other than the registered broker/salesperson, must attend and bid on behalf of the bidder.

BROKER INFORMATION:


In the event the potential bidder is represented by a broker seeking a broker commission pursuant to A.R.S. §37-132(B)(2), it is the responsibility of both the potential bidder and the designated broker to register with ASLD no later than three (3) business days prior to the date of auction. Registration must be submitted on the ASLD's Broker Registration/Bidder Certification form in accordance with R12-5-413. Original signatures of Broker, Salesperson, and Potential Bidder must all appear on one form. Facsimile copies will not be accepted by ASLD. The real estate broker/salesperson of the successful bidder who has so registered with ASLD for this Auction will be required to sign an affidavit that he/she is licensed pursuant to A.R.S. §32-2101, et. seq., identify his/her client as the successful bidder, has no other affiliation with the successful bidder other than as a procuring broker and that he/she actually procured the successful bidder for this Auction. **Broker Registration forms will not be accepted by ASLD for Public Auction No. 53-117740 after 5:00 p.m. on Thursday, November 5, 2015.**

GENERAL INFORMATION:

The ASLD may cancel this auction in whole or in part at any time prior to the acceptance of a final bid.

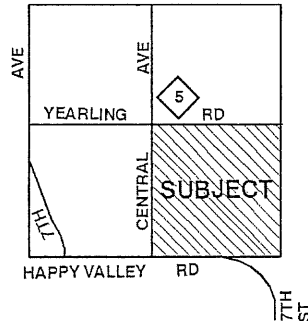
A protest to this sale must be filed within 30 days after the first day of publication of this announcement and in accordance with A.R.S. §37-301.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting the ADA Coordinator, at (602) 542-2636. Requests should be made as early as possible to allow time to arrange the accommodation.


Max D. Masel
(for) Lisa A. Atkins
State Land Commissioner



8-11-2015
Date



Disclaimer: This map is designed for general overview purposes only. Unless otherwise stated all depictions are approximate. Prospective bidders should review all information in ASLD's records relating to the Parcel and seek technical or legal advice as needed to assure the understanding of all legal descriptions, plat maps, surveys, and other documents relevant to the Parcel. Contact ASLD, Real Estate Division at (602) 542-3000 for additional information.